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Chair: Mr. Yohanna (Vice-Chair) ..... (Nigeria)

Contents

Agenda item 26: Towards global partnerships

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In the absence of Mr. Momen (Bangladesh), Mr. Yohanna (Nigeria), Vice-Chair, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 26: Towards global partnerships
(A/66/137, A/66/137/Corr.1, A/66/137/Add.1, A/66/320 and A/66/388)

1. **Mr. Kell** (Executive Director, United Nations Global Compact Office), introducing the report of the Secretary-General on enhanced cooperation between the United Nations and all relevant partners, in particular the private sector (A/66/320), said that the report took stock of relationships between the United Nations and the private sector, identified trends and made suggestions on how to improve engagement. Private sector partnerships by United Nations entities were an increasingly common and sophisticated mechanism for addressing priority challenges, particularly the Millennium Development Goals (MDGs). All partnerships were voluntary and complemented the work of Governments. While the effectiveness of partnerships varied greatly, progress had been made both at the level of individual organizations, and system-wide, for example through the new UN-Business website, the revised Guidelines on Cooperation between the United Nations and the Business Community, and the thriving UN Private Sector Focal Points community. Considerable progress had been made in engaging the private sector at large United Nations gatherings including the recent Fourth United Nations Conference on the Least Developed Countries, at which the Private Sector Forum had complemented the efforts of Governments.

2. A number of recommendations were made in the report with a view to enhancing engagement between the United Nations and the private sector. There was a continued need to strengthen the enabling environment for partnerships across the system, through joint endeavours such as information-sharing and capacity-building; new partnership models should be explored, as United Nations entities moved from opportunistic towards strategic and, increasingly, transformational partnerships; capacity-building, especially at the country level, needed to be enhanced; the partner selection and engagement processes should be improved; more should be done in sharing best practices and lessons learnt; and evaluation and impact assessment should be improved, in order to achieve more coherent approaches.

3. **Mr. Fall** (Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) entitled "United Nations corporate partnerships: the role and functioning of the Global Compact" (JIU/REP/2010/9), said that in 2009 the JIU had undertaken a review of the role and functioning of the Global Compact initiative, including the risks associated with the use of the United Nations brand by corporations. In the report, which covered the period up to April 2010, 16 recommendations were made with a view to an effective, transparent and accountable management of corporate partnerships.

4. There was no question that the Global Compact could be credited with significant achievements, in terms of the large number of activities, meetings and publications and the number of partnerships formed, in furthering the objective of promoting the ten agreed principles of responsible corporate citizenship. Under the dynamic leadership of its Executive Director, the GCO had proceeded with an bold expansion of its activities, which, however, went beyond the four areas of application of the ten principles. The JIU therefore recommended the establishment of a coherent and explicit mandate, as well as a long-term strategic framework, especially considering that the activities of the GCO were funded from extrabudgetary sources. In order to avoid overlapping of activities and resources, the GCO and the United Nations Office for Partnerships (UNOP) should be regrouped under one umbrella, perhaps under the Deputy Secretary-General. By virtue of its special administrative and financial structure, the GCO enjoyed a hybrid status; the JIU urged the Secretary-General to ensure that the flexible application of rules and procedures was accompanied by appropriate transparency and accountability safeguards.

5. The funding base of the GCO was somewhat unstable because it was dependent on a small number of donor countries and a growing number of companies whose contributions had increased tenfold over five years. The JIU recommended that the GCO should put in place a robust funding strategy that addressed the need to increase and diversify contributions from Member States and to achieve more balanced public and private funding.

6. The current governance structure was organized around seven entities operating without a central decision-making process. The JIU recommended that Member States, as well as small and medium-sized companies and local networks, should be represented

on the Global Compact Board; that the advisory role of the Inter-Agency Team should be reinstated and consolidated; and that the Annual Local Network Forum should be enhanced. A plan of action should be devised to provide more effective guidance to local networks so that they could provide more substantial input.

7. While the Integrity Measures had enhanced the credibility of the Global Compact, the mechanism for submission of Communications on Progress (COP) did not allow monitoring or verification of the participants' actual application of the principles of the Initiative. The JIU therefore recommended that the selection process should be more rigorous and enhance the accountability of the GCO for accepting new participants in the Global Compact and implementing the Integrity Measures, particularly through better monitoring of COPs and a more proactive handling of complaints.

8. In view of the lack of an established mechanism for submitting reports that would make it possible to evaluate the activities of the GCO, the JIU recommended that the GCO should focus on developing global partnerships to promote the implementation of the ten principles and review them periodically, and should strengthen the effectiveness of the Global Compact and the principle of accountability by means of annual self-assessment reports and periodic independent evaluations.

9. There remained considerable room for improvement in the work of the GCO. The GCO should revisit its approach and refocus its priorities on a more coherent mandate, incorporating the ten principles into all the activities of businesses, in cooperation with civil society and other actors outside the business world, while involving the Organization and private and public sectors in forging new partnerships in support of United Nations goals and values.

10. **Mr. Kell** (Executive Director, United Nations Global Compact Office), introducing the note by the Secretary-General (A/66/137/Add.1) in response to the report of the Joint Inspection Unit in document JIU/REP.2010/9, said that the Secretary-General welcomed the relevant and robust recommendations contained in the JIU report. The note by the Secretary-General made it clear that many of the recommendations had already been implemented or had been in the process of being implemented at the time of the study. The JIU report had also anticipated a number of improvements that the Global Compact Board and the GCO had been in process of making during the period covered by the report or shortly thereafter. The JIU report highlighted a number of contributions that the Global Compact had made over the past ten years, including the significant expansion of its constituency and of its outreach activities to the private sector. It also recognized the Global Compact's key role in contributing to the Organization's increased engagement with the private sector over the years.

11. The GCO was just a small part of the Global Compact initiative, which was multi-stakeholder in composition; participants and stakeholders came from a wide variety of societal groups both locally and globally across 135 countries. The perceived risk associated with the involvement of both business and non-business participants in the Global Compact was carefully managed. The GCO worked within the United Nations system to improve the integrity and decrease the potential reputational risk of partnership activities. Although the overall structure was one of voluntary, decentralized and network-based governance of the Global Compact, with more than 100 country networks, those local networks had grown stronger and were supporting overall cooperation. On the particular issue of risk associated with private sector engagement, the GCO had spearheaded integrity measures including the Guidelines on Cooperation between the United Nations and the Business Community, with a view to proactively managing integrity risks. Considerable progress had been made in benchmarking implementation surveys.

12. Volunteer initiatives depended on the goodwill of outside actors. For that goodwill to be scaled up and have a significant impact, incentives were required that were well designed and applicable to all. Efforts in that direction were progressing well, although there was still scope for improvement. Overall, the growth of country networks and their continued engagement with United Nations goals were indications that positive, complementary efforts did make a difference. The GCO had initiated hundreds, if not thousands, of projects geared mainly towards development, specifically towards the MDGs, leading to significant benefits to many countries.

13. **Mr. Diallo** (Senegal) asked how the JIU envisaged the establishment of a mechanism that would strengthen corporate accountability in the framework of partnerships. Although global partnerships depended mainly on volunteer initiatives, the obligation of

accountability was everywhere present. His concern, therefore, was how to ensure accountability through a mechanism of monitoring or oversight.

14. **Mr. Islam** (Bangladesh) asked what the GCO was doing to develop indicators for Goal 8 of the MDGs, on a global partnership for development. Observing that the most important aspect of partnerships with the private sector was the transfer of technology, but that agreements for concessional assistance under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) applied only to Governments, as there was no framework of accountability for private sectors, he asked whether private sectors could also be included under such arrangements. Recalling that the Committee had discussed high-yield rice varieties and that mutually agreed terms and conditions always applied to them, he asked whether there were any special provisions under which high-yield varieties could be made available to developing countries to address the issue of food security.

15. **Mr. Kell** (Executive Director, United Nations Global Compact Office) said that the Global Compact had pioneered a unique system of mandatory disclosure: when participants joined the Initiative, they were obliged to disclose annually progress made against a framework of performance matrices, developed with numerous other partners. Participants who did not disclose that information were de-listed. The GCO had already had to de-list 2,000 corporate participants worldwide for failure to communicate progress made on an ongoing basis. However, many more participants were joining, especially from the developing world. The main way to promote accountability was to promote transparency. In the publications of the GCO every activity was exposed to public scrutiny. Transparency efforts were resource-intensive but worthwhile. A second important requirement was voluntary disclosure, which needed to be carried out on an ongoing basis.

16. The GCO was addressing the issue of the lack of indicators for Goal 8 of the MDGs. Many studies had been done on different types of partnerships, including a recent one on transformational partnerships. Various models had different advantages and disadvantages and the United Nations system was learning which modalities were most suitable.

17. With regard to technology transfers, the Global Compact promoted transfers at all levels. Many arrangements had been set up, for example through value chain initiatives. The country networks all brought together foreign and local companies. When objectives were shared, there was significant sharing of skills and knowledge as well. In the run-up to the United Nations Conference on Sustainable Development, the GCO would be working on food security issues.

18. **Mr. Fall** (Joint Inspection Unit) said that the representative of Senegal had aptly summed up the basic problem of the Global Compact and that the various lines of action he had outlined in his own statement coincided with the questions posed by Senegal. The initiatives launched by the GCO, the recommendations made by the JIU and others, the activities undertaken since April 2010, and the decisions taken in June 2010 had helped to show how apparently contradictory demands could be reconciled. The Global Compact was above all a volunteer undertaking, but there was a risk that corporations would join it primarily to take advantage of the United Nations brand for their own ends. It was for that reason that rigorous admission criteria needed to be applied, along with regular reporting requirements for corporate partners. Due attention must be paid to the question of Member States' representation on the Board. Lastly, it was the local networks, close to the ground, that were in a position to see whether a given corporation was not complying with conditions and principles, to report in that regard, and also to assist corporations better to discharge their obligations.

19. **Mr. Oussein** (Comoros) said that, since there was no mechanism for sanctions under the Global Compact, he wondered what could be done about the activities conducted by certain multinational corporations. Words were insufficient; there should be some means to take action against activities that had grave repercussions for populations.

20. **Mr. Zdorov** (Belarus) asked what measures were envisaged to address the issue of anti-social behaviour by youth in connection with the dangers presented by the Internet and to foster greater involvement by youth in social and economic life, with a view to the emergence of a green economy.

21. **Mr. Kell** (Executive Director, United Nations Global Compact Office) said that the Global Compact had no mandate to enforce compliance; rather it was a voluntary learning and action platform to advocate responsible business behaviour, as was being put into

practice by many participants worldwide who were starting on the path of incremental organizational change. There were mechanisms for peer review, best practices identification, and issue platforms on subjects such as good governance and environmental stewardship. The rewards of good performance over time were demonstrated by global market trends, including in parts of the financial world, where the sister initiative Principles for Responsible Investment was increasingly yielding a positive premium for companies that integrated environmental, social and governance issues into their strategy and operations. The emphasis was increasingly on corporations and civil society working together to address fundamental dilemmas and improve the enabling environment for the private sector to grow. There were many examples from country networks all over the world where the long-term desire for value creation by the corporate world, together with civil society and public policy makers, had actually led to significant and sustained changes in the enabling environment. However, the Global Compact was not a substitute for government regulation or local Government action. Its role was to reinforce positive trends and to complement Government action.

22. The GCO did not yet have a focus on youth movements and Internet trends but it was very much involved with the question of green growth and was encouraging young people worldwide to get involved; it had high hopes that, in the run-up to the United Nations Conference on Sustainable Development, those considerations would spill over into the world of youth. Such efforts were under preparation at the venue of the Conference in Brazil.

23. **Mr. Fall** (Joint Inspection Unit) said that, in response to the question of the representative of the Comoros concerning sanctions, in the review of compliance with the ten principles under the Communications on Progress procedure, a range of sanctions could be envisaged for non-compliance, including the de-listing of an enterprise. Loss of affiliation with the Global Compact was taken seriously by corporations.

General discussion

24. **The Chair** announced that the order of speakers established for delegations speaking on behalf of groups of States at the current meeting was an interim measure that should not be regarded as setting a precedent.

25. **Mr. Kleib** (Indonesia), speaking on behalf of the member States of the Association of Southeast Asian Nations (ASEAN), said that solutions to the multiple challenges and interrelated crises facing the world naturally required strong global partnerships of the United Nations system, Governments and all relevant stakeholders. ASEAN was strengthening its global role as demonstrated by its theme for 2011, "ASEAN Community in a Global Community of Nations". It was striving to build the ASEAN Economic Community by 2015, as a single market and production base, and to promote high competitiveness and equitable economic development in the region. ASEAN recognized the private sector as an important motivating force in regional economic development and integration. ASEAN leaders had therefore established a business advisory council in 2003 to promote public-private partnership. The private sector had been playing a significant role in infrastructure development, connectivity, energy and trade facilitation, and many other areas. Under its new Charter, ASEAN was promoting the participation of people from all sectors of society in promoting the regional integration process.

26. ASEAN fully endorsed the concept of strengthening global partnerships, bringing together the public sector, civil society and the private sector in promoting sustainable development and addressing global challenges. However, private sector partnerships must accord fully with the development priorities of the countries concerned; such partnerships must be voluntary and complementary to, but not a substitute for, the commitments made by Governments to achieve internationally agreed development goals. Cooperation between the United Nations and the relevant sectors, including the private sector, must strictly adhere to the Guidelines on Cooperation between the United Nations and the Business Community; special care had to be taken to maintain the integrity and impartiality of the United Nations. Likewise, private sector partnerships should reflect the core values enshrined in the Charter of the United Nations and in the principles of the Global Compact and a commitment to corporate responsibility and the highest standards of business ethics.

27. ASEAN attached great importance to the role and functioning of the Global Compact and to Corporate Social Responsibility (CSR) as a self-regulating mechanism. The ASEAN Confederation of Employers

had endorsed the principles and goals of the Global Compact in February 2002. ASEAN welcomed the Global Compact initiatives aimed at improving the enabling environment for creating new partnerships with the private sector. Recognizing the growing importance of environmental, social and governance issues for Asian business, the ASEAN CSR network had been launched in October 2010. In November 2011 a round table of ASEAN business leaders would take place. ASEAN welcomed the successful launching of a Private Sector Track at the Fourth United Nations Conference on the Least Developed Countries, and hoped that a precedent had been set.

28. ASEAN supported the Secretary General's recommendations on the need to strengthen the enabling environment for United Nations-business partnerships; to improve the partner selection and engagement process and capacity-building and training of United Nations staff; and to share best practices and lessons learned. It hoped that the spirit of public-private partnership would contribute to the success of the United Nations Conference on Sustainable Development and that the drive for economic growth and business development would be pursued in ways that would be sustainable in the broader spectrum of economic, social and environmental development.

29. **Mr. Zampetti** (Observer for the European Union), speaking also on behalf of the candidate countries Croatia, Iceland, Montenegro, and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina and Serbia; and, in addition, Ukraine, the Republic of Moldova and Georgia, said that furthering the principles and goals of the Charter of the United Nations, meeting global challenges and reaching the Millennium Development Goals required working in partnership with the active participation of all relevant stakeholders: Governments, private sector and civil society. The United Nations was a unique partner for the global business community wishing to contribute to sustainable development and poverty eradication. Private sector actors played an important role. Where they were not yet present, they should be encouraged to support the development agenda and uphold the international community's shared values and vision of progress.

30. The Global Compact had made significant progress over the past two years in involving the private sector in the work of the United Nations. Three examples were the introduction of a Private Sector Track at the Fourth United Nations Conference on Least Developed Countries; the holding of the annual Private Sector Forum to share best practices and lessons learned; and the positive role played by local networks in support of coordination and the application of global partnerships locally. Such efforts, and the replication of successful experiences, should continue. The United Nations needed to take a strategic approach to partnerships with the private sector, with greater stress on impact, transparency, coherence, accountability and sustainability alongside integrity measures and public disclosure, ensuring that best practices and lessons learned were shared in an effective and transparent manner.

31. **Mr. Wennubst** (Switzerland) said that global partnerships were widely acknowledged as an effective means of advancing United Nations principles and values, internationally agreed development goals, and international commitments. In ten years the Global Compact had become the most successful policy initiative for businesses that were committed to aligning their operations with core United Nations principles and values, as reflected in its growth to over 8,700 corporate participants and other stakeholders from over 130 countries, making it the world's largest voluntary corporate responsibility initiative.

32. The Global Compact should expand its activity in four areas. Firstly, it should involve the private sector in support of the United Nations Conference on Sustainable Development. Without strong engagement by the private sector, a green economy would not take off; corporate sustainable development should be part of the agenda of the Conference. Second, the Global Compact should continue taking the lead in new and emerging themes, such as the Women's Empowerment Principles and the Blueprint for Corporate Sustainability Leadership. Third, as its membership grew, the Global Compact must maintain integrity and accountability. The enhanced Integrity Measures should include the mandatory submission of Communications on Progress. The Global Compact could only become part of a true stakeholder dialogue if companies disclosed their implementation efforts. Fourth, although the Global Compact was the largest corporate social responsibility (CSR) initiative, much needed to be done to provide outreach to the 70,000 internationally relevant international businesses. In order to achieve growth, the Initiative had to take root

in national contexts, especially rapidly growing emerging economies. The strengthening of local networks was therefore very important.

33. Switzerland called upon the GCO to further support private sector focal points and facilitate learning and coherence across the United Nations system, in order to foster cooperation with the private sector while maintaining the integrity and independence of the United Nations. Member States should acknowledge corporate sustainability as an important means for sustainable development. Continued support by Governments through voluntary contributions could assure the growth, innovation, effectiveness and independence of the Global Compact initiative and its Office.

34. **Mr. Farias** (Brazil) said that the United Nations had made considerable progress in promoting the role of the private sector in supporting State policies to achieve development goals and in helping to design and implement more effective, accountable and sustainable partnerships. Brazil's national experience indicated that an active and responsible private sector could play a major role in promoting a socially, economically and environmentally sustainable development model. The private sector must be aware of its responsibilities and work with Governments in setting national priorities and implementing national development plans and strategies. In 2003, his Government had established a council of economic and social development in order to advise in the formulation of policies and proposals for structural reforms in the area of economic and social development. The council had been instrumental in promoting national debate on development-related issues such as establishment of public-private partnerships, tax reform, biofuel technology and education, and had drafted a national agenda for decent work. All the initiatives undertaken by the council required coordination and shared responsibilities between the Government and the private sector.

35. Brazil attributed great importance to the mandate of the Global Compact as a facilitator for engagement with the private sector and the promotion of the overall objectives of the United Nations in the areas of human rights, labour, the environment and combating corruption. A strengthened Global Compact could also be a vocal advocate within the United Nations system on the need to engage the private sector and could help the United Nations agencies, funds and programmes fully exploit private sector capacities to contribute to the achievement of internationally agreed goals in areas such as education, health and the Decent Work Agenda.

36. **Mr. Diallo** (Senegal) said that the United Nations had taken important steps to involve the private sector more actively in its work. Examples included the global initiative against trafficking in persons, the annual Private Sector Forum, and the participation of high-ranking private sector representatives in discussions on sustainable development at the Fourth United Nations Conference on Least Developed Countries. Senegal believed that private sector participation in major conferences such as the United Nations Conference on Sustainable Development should be enhanced. Despite that progress, there was a clear need to promote a more favourable environment for partnerships; the implementation of the recommendations made in the report of the JIU would unquestionably help make the partnerships with the private sector more effective, more transparent and more accountable.

37. His delegation noted the absence of a regulatory and institutional framework for the Global Compact and urged that a strong mandate and a strategic framework with specific short-, medium- and long-term goals should be defined in order to ensure the effectiveness, coherence and impact of the GCO. The establishment of a mechanism to strengthen accountability among corporations joining the Compact should also be explored. His delegation agreed that the GCO and UNOP should be merged into a single entity in order to avoid possible duplication.

38. His delegation also endorsed the need to further strengthen the periodic evaluations of the activities of the Global Compact so as to enable the various stakeholders, especially the United Nations and the Member States, to be effectively informed and to gauge progress in real terms. The Initiative had been subjected to little external scrutiny since its launching in 2000. An official reporting mechanism should therefore be established.

39. **Mr. Wang Qun** (People's Republic of China) said that the international community must cooperate in tackling global challenges that were complicating international development efforts. Strengthening global partnerships would help mobilize resources from all quarters in order to attain the MDGs on schedule.

40. To fully tap the potential of global partnerships, the United Nations should play a greater role in prompting enterprises to implement the Global Compact. The fulfilment of social responsibilities by enterprises brought win-win results for them and for society. Poverty eradication, economic growth, social equity, environmental protection and resource and energy conservation could not be achieved without the participation of enterprises. The Global Compact was a very important initiative for facilitating the establishment of partnership between the public and private sectors and served as a bridge between Governments and enterprises. The United Nations should leverage its resources and influence to provide guidance to Governments in promoting the active participation of enterprises in activities under the Global Compact, thus contributing to the timely achievement of the MDGs and sustainable development.

41. Intergovernmental development partnership remained the core of international development cooperation. The public-private partnership, as its supplement, should fully accord with the national development strategies of developing countries and should operate in areas where development cooperation and financial and technical assistance were most urgently needed. That approach was in the interest of the long-term and sustainable development of the partnership between the public and private sectors.

42. The independence and impartiality of the United Nations must be maintained. In establishing partnerships with the private sector, the United Nations agencies, funds and programmes must safeguard the reputation of the United Nations. In selecting potential partners for cooperation, the United Nations should establish relevant screening criteria. It was also necessary to strengthen the assessment and monitoring of existing partnerships so as to detect problems in time and make improvements.

43. Fulfilling social responsibilities and achieving harmonious development had become a shared goal of the Government and business circles in China. Many enterprises in China had integrated social responsibilities into their business strategy, and 230 of them had joined the Global Compact and taken part in the relevant activities. Some large enterprises had publicized their reports on social responsibility in order to be open to monitoring by society. His Government would continue to intensify cooperation with all parties in joint efforts to achieve the Millennium Development Goals on schedule.

The meeting rose at 11.50 a.m.